Regarding restructuring of the banking system, Committee had suggested a broad pattern and the movement towards the revised system was recommended to be market driven. In regard to Committee's recommendations for restructuring of Regional Rural Banks, after considering a number of alternative models it has been decided to revamp the Regional Rural Banks by cleaning up their balance sheets on a 'stand alone basis'. 50 of the RRBs are to be taken up during 1994-95 for undertaking comprehensive restructuring and experience with these RRBs will guide the approach in latter years for other RRBs. Recommendations of the Committee regarding restructuring of IDBI by incorporating a separate financial institutions as a company to take over IDBI's direct lending function has not been accepted. Industrial Finance Corporation of India has, however, been converted into a Company and IDBI's equity holding has been diluted in this company as suggested by the Committee.

Reduction in Premia paid to Insurance Companies

1936. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state :

(a) whether there is a proposal to induce and direct insurance companies to reduce their premia;

(b) if so, the steps proposed;

(c) whether it is a fact that the nationalised insurance companies are overcharging the public; and

(d) the steps proposed to be taken to streamline the system of insurance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) and (b). The Government does not direct the insurance companies to fix the premium rates. While in the case of life insurance policies, the rates are fixed by the Life insurance Corporation of India, in the case of general insurance policies, the rates are fixed by the Tariff Advisory Committee which is a statutory body set up under the Insurance Act, 1938 to control and regulate the rates, advantages, terms and conditions that may be offered by the insurers in respect of general insurance business.

(c) No, Sir.

(d) A Committee was set up under the Chairmanship of Shri R. N. Malhotra, former Governor, Reserve Bank of India, to suggest Reforms in the Insurance Sector. The Report submitted by the Committee on 7th January, 1994 is under active consideration of the Government.

Investment by L.I.C. in Andhra Pradesh

1937. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state :

(a) whether Government have issued guidelines for investment of the LIC funds in different States and in the various projects;

(b) if so, whether the total funds invested by LIC exceed Rs. 50,000 crores; and

(c) what are the details of the investment made by LIC in Andhra Pradesh in 1993-94 ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) and (b). Yes, Sir.

(c) Details of investment by LIC in Andhra Pradesh in 1993-94 are as under:—

	Category	Gross Investment during 1993-94
		(Rs. in Crores)
1.	State Government Securities	84.00
2.	Land Development Bank Debentures	4.57
3.	Bonds of State Financial Coorporation	4.00
Loans to :		
4.	State Government for their Social Housing Schemes. . . .	28.25
5.	Apex Co-op. Housing Finance & A.P.	14.10
6.	State Govts. Municipallties, Zilla Parlshads, etc. for Water Supply Schemes.	3.92
7.	State Electricity Board	68.95
Cooperate Sector :		
8.	Shares, Debentures & Loans to Companies (Public, Co-operative and Private Sector).	17.29
	TOTAL :	225.08

Expansion of banking system in rural areas

1938. SHRI YERRA NARAYANASWAMY: Will the Minister of FINANCE be pleased to state;

(a) what are Governments plans to expand the banking system in rural areas:

(b) whether it is a fact that nationalised Banks are not opening new Branches in rural araes; and

(c) the details of the incentives Government proposed to give to the Banking sector to maintain its presence in rural areas ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Under the Branch Expansion Policy 1990—95 of the Reserve Bank of India (RBI), it has been left to the judgement of the individual banks to assess the need for additional branches in the respective service areas of their rural branches on two counts :

(i) Service area allocated to a bank branch may be found to be unmanageable due to large number of villages allotted, number of constituents to be catered to and long distances"difficult terrains involved in servicing the area.

(ii) The increase in business of a rural branch justifiably warranting an additional bank branch, which could be viable. Further, having regard to the peculiar topography in hilly/tribal/sparsely populated areas, it was felt that there could exist need for additional branches in such areas

Banks are, under the advice of RBI, to make an exercise and submit applications for openrng additional branches to the extent necessary to effectively implement the Service Area Approach. The proposals for openeing additional rural branches at centres/villages falling within the service area of the applicant banks and which are recommended by the concerned State Governments are generally considered favourably. Under the extant Policy, RBI have allotted 264 rural centres to commercial banks in the country. The opening of branches at the allotted centres is subject to availability of suitable premises, all weather roads, telecommunications etc.

Illicit Trafficking in Narcotic Drugs

1939. MISS SAROJ KHAPARDE : Will the Minister of FINANCE be pleased to state:

(a) whether the Narcotics Cotrol Bureau (NCB), Bombay have taken some